MAYTI AND SAN DOMINGO

I advise that provision be made for diplomatic intercourse with the latter, by
enlarging the scope of the mission at
Port au Prince. I regret that a certain
class of American claims as against the
Government of Hayti have thus far
been urged unavailingly.

A recent agreement with

MEXICO

provides for the crossing of the frontier by the armed forces of either country, in pursuit of hostile Indians. In my message of last year I called attention to the prevalent lawlessness upon the borders, and to the necessity of legislation for its suppression. I again invite the attention of Congress to the subject. A partial relief from these mischiefs has been sought in a convention, which now awaits the approval of the Senate, as does also another touching the establishment of the international boundary between the United States and Mexico. If the latter is ratified, the action of Congress will be required for establishing suitable commissions of survey. The boundary dispute between Mexico and Guatemala, which led this Government to proffer its friendly counsel to both parties, has been amicably settled.

No change has occurred in our relations with

VENEZUELA.

I again invoke your action in the matter of the pending awards against that Republic, to which reference was made by a special message from the Executive at your last session. An invitation has been received from the Government of Venezuela to send representatives, in July, 1882, to Caraccas, for participation in the centennial celebration of the birth of Bolivar, the founder of South American independence. In connection with this event, it is designed to commence the erection, at Caracces, of a statute of Washington, and conduct an Industrial Exhibition, which will be open to American prowhich will be open to American products. I request that the United States be represented, and that suitable provision be made therefor. The elevation of the grade of our mis-

CENTRAL AMERICA

to the Plenipotentiary rank, which was authorized by Congress at its last ses-sion, has been since effected.

CHILI AND PERU.

The war between Peru and Bolivia on the one side, and Chili on the other, on the one side, and Chill on the other, began more than three years ago, on the occupation by Chili. in 1881, of all the littoral territory of Bolivia. Negotions for peace were conducted under direction of the United States. The allies refused to concede any territory, but Chili has since become master of the whole coast of both countries and allies refused to concede any territory, but Chili has since become master of the whole coast of both countries, and of the capital of Peru. A year since, as you have already been advised by correspondence transmitted to you in January last, this Government sent a special mission to the belligerent powers to express the hope that Chili would be disposed to accept a money indemnity for the expenses of the war, and to relinquish her demand for a portion of the territory of her antagonist. This recommendation, which Chili declined to follow, this Government did not assume to enforce, nor can it be enforced without resort to measures which would be in keeping neither with the temper of our people nor with the spirit of our institutions. The power of Peru no longer extends over its whole territory, and in the event of our interference to dictate, peace would need to be supplemented by the armles and navies of the United States. Such interference would almost inevitably lead to the establishmost inevitably lead to the establishment of a protectorate, a result utterly at odds with our past policy, injurious to our present interests, and full of em-barrassment for the future. For effect-ing the termation of hostilities upon the towns—at once just to the victori-ous nation and generous to its adver-series—this Government has spared no ous nation and generous to its adversaries—this Government has spared no efforts save such as might involve the complications which I have indicated. It is to be greatly deplored that Chili seems to be resolved to exact such rigorous conditions of peace, and indisposed to submit to arbitration the terms of an amicable settlement. No peace is likely to be lasting that is not sufficiently equitable and just to command the appoval of other nations.

mand the appoval of other nations.

THE FEACE CONGRESS.

About one year since invitations were extended to the nations of this continent to send representatives to a peace congress, to assemble in Washington in November, 1882. The time of meeting was then fixed at a period then remote, in the hope, as the invitation itself declared, that in the mean time the disturbances between the South American Republics would be adjusted, as that expectation seemed unlikely to be realized. I asked in April last for an expression of opinion from the two Houses of Congress as to the advisability of holding the proposed convention at the time appointed. This action was prompted in part by doubts which mature reflection had suggested, whether the diplomatic usage and traditions of the Government did not make it fitting that the Executive should consult the representatives of the people before pursuing a line of policy somewhat novel in its character and far reaching in its possible consequences. In view of the fact that no action was taken by Congress in the premises, and that no provision had been made for the necessary expenses. I subsequently decide to postpone the convocation, and so notified the several Governments which had been invited to attend. I am unwilling to discuss this subject without assuring you of my support of any measures the wisdom of Congress may devise for promotion of peace on this continent and throughout the world, and I trust the time is nigh when, with the universal consent of civilized peoples, all international differences shall be determined without resort to arms by the the benignant processes of arbitration. THE PEACE CONGRESS.

Changes have occurred in the diplomatic representation of several foreign Powers during the past year. New Ministers from the Argentine Republic, Austria, Hungary, Brazil, Chili, China, France, Japan and Mexico, the Netherlands and Russia have presented their credentials. The missions of Denmark and Venezuela at this capitol have been raised in grade. Switzerland has created a plenipotentiary mission to this Government, and an Embasey from Madagascar and a Minister from Siam will shortly arrive. Our diplomatic intercourse has been enlarged by the establishment of relations with the new Kingdom of Servia, by the creation of a mission to Siam, and by the restoration of the mission to Greece. The Shah of Persia has expressed his gratification that a Charge d'Affaires will shortly be sent to that

DIPLOMATIC CHANGES.

country, where the rights of our citizens have been hitherto courteously guarded by the representatives of Great Britain.

PREVENTION OF COLLISIONS AT SEA. I renew my recommendation of such lecislation as will place the United States in harmony with other maritime powers, with respect to the internation-al sules for the prevention of collisions at sea.

LONGITUDE AND TIME.

In conformity with your joint resolution of the 3d of August last, I have directed the Secretary of State to address foreign governments in respect to a proposed conference for considering the subject of the universal adoption of a common prime meridian to be used in the reckoning of longitude, and in the regulation of time throughout the civilized world. Their replies will, in due time, be laid before you.

An agreement was reached at Faris in 1875 between the principal powers for the interchange of official publications through the medium of their respective foreign departments. The admirable system which has been built up by the enterprise of the Smithsonian listitution affords a practical basis for our co-operation in this scheme, and an avrangement has been effected by which that institution will perform the necessary labor under the direction of the Department of State. A reasonable compensation therefor should be provided by law.

DIPLOMATIC AND CONSULAR SERVICE.

DIPLOMATIC AND CONSULAR SERVICE. A clause in the act making appropriations for the Diplomatic and Consular Service contemplates the reorganization of both branches of such service on a salaried basis, leaving fees to inere to the benefit of the Treasury. I cordially favor such a project as likely to eogrect abuses in the present system. The Secretary of State will present to you at an early day a plan for such reorganization.

THE TREASURY.

THE TREASURY.

A full and interesting exhibit of the operations of the Treasury Department is afforded by the report of the Secretary. It appears that the ordinary revenues from all sources for the present year ended June 30, 1882, were as follows: From customs, \$220.410,730.25; from internal revenue, \$146.497,595.45; from sales of public lands, \$4,753 140.67; from tax on circulation and deposits of railroad bonds, \$8,956,794.45; from repayment of interest by Pacific railway companies, \$840,554.37; from sinking fund for Pacific railroad companies, \$796,271.42; from customs fees, fines, penalties, etc., \$134,334.800; from fees for Consular letters patent and lands, \$2,638,990.97; from proceeds of sales of Government property, \$314,959.85; from profits on coinage, bullion deposits and assays, \$4,116,993.73; from Indian trust funds, \$5,705,243.22; from deposits by individuals for surveying public lands, \$2,052,306.36; from revenues of the District of Columbia, \$1,715,176.41; from miscellaneous sources, \$3,383,445.43; total ordinary receipts, \$403,525,250.28.

miscellaneous sources, \$3,383,445.43; to-tal ordinary receipts, \$403,525,250.28.

The ordinary expenditures for the same period were: For civil expenses, \$18,042,386.42; for foreign intercourse, \$1,387,586.19; for Indians, \$1,736,747.40; for pensions, \$61,345,193.95; for the mil-itary establishment, including river and harbor improvements and arsenal, \$43.harbor improvements and arsenal, \$43,-570,494.19; for the naval establishment, including vessels, machinery and improvements at navy yards, \$15,032,046. 28; for miscellaneous expenditures, including public buildings, light-houses and collecting the revenue, \$34,539,237.50; for expenditures on account of the District of Columbia, \$3,330,543.87; for interest on the public debt, \$71,077,266.76; total ordinary expenditures \$255. interest on the public debt, \$71,077,206,-79; total ordinary expenditures, \$257,-981,439,57, leaving a surplus revenue of \$145,543,810.71; which, with an amount drawn from the cash balance in the Treasury of \$20,737,654.84; making \$166,281,505.55. There was applied to the redemption of bonds for the sinking fund, \$60,079,150; of fractional currency for the sinking fund, \$5,705,553; of loan of July and August, 1861, \$62,572,050; of loan of March, 1863, \$4,472,900; of funded loan of 1881, \$37,194,450; of loan of 1858, \$100,000; of loan of February, 1861, 1858, \$100,000; of loan of February, 1861, \$203,000; of five-twenties of 1862, \$210,-000; of five-twenties of 1864, \$740,000; of 5-20's of 1863, \$6,500; of 10-40's of 1864, \$54,550; of consols of 1865, \$86,450; of consols of 1868, \$141,400; of Oregon war debt, \$675, 250; of old demand compound interest and other notes, \$18,350; total, \$166, 281,505,55.

of the United States during the last fiscal year, including imports and exports of merchandise and specie, was as follows: Exports—Merchandise, \$750.742.272; specie, \$49,417,479; total, \$799.959,736. Imports—Merchandise, \$721,639,574; specie, \$42,472,390; total, \$767,111.064. The excess of exports over imports of merchandise, \$25,902.683. This excess is less than it has been before any of the previous six years, as appears by the following table: Year ended June 30, excess of exports over imports of merchandise, 1876, \$79,643,481; 1877, \$151,152.094; 1878, \$257,814,234; 1879, \$264,661,666; 1880, \$167,683,912; 1881, \$259,712,718; 1882, \$25,902,683. THE FOREIGN COMMERCE

necessity of providing by legislation some mode of freeing the Treasury of an excess of assets. In the event that Congress fails to reach an early agreement for the reduction of taxation, I heartily approve the Secretary's recommendation of immediate and extensive reductions in the annual revenues of the Government. It will be remembered that I urged upon the attention of Congress at its last session the importance of relieving the industry and enterprise of the country from the pressure from unnecessary taxation. It is one of the tritest maxims of political economy that all taxes are burdensome, however wisely and prudently imposed, and though there have always been among our people wide differences of sentiment as to the best methods of raising the national revenues, and, indeed, as to the principles upon which taxation should be based there has be a substantial accord in the doctrine that only such taxes oughtto be levied as are necessary for a wise and economical administration of the Government. Of late the public revenues have far exceeded that limit, and unless checked by appropriate legislation, such excess will continue to increase from year to year. For the fiscal year ended June 30, 1881, the surplus revenue amounted to \$100.000.000. For the fiscal year ended on the 30th of June last, the surplus was more than \$145, 600.000. The report of the Secretary shows what disposition has been made of these moneys. They have not only answered the requirements of the sinking fund, but have afforded a large balance applicable to other reductions of the public debt. But I renew the exanswered the requirements of the sinking fund, but have afforded a large balance applicable to other reductions of the public debt. But I renew the expression of my conviction that such rapid extinguishment of the national indebtedness as is now taking place, is by no means a cause for congratulation. It is a cause rather for serious apprehension. If it continues, it must speedily be followed by one of the evil results so clearly set forth in the report of the Secretary. Either the surplus must lie idle in the Treasury, or the Government will be forced to buy, at market rates, its bonds, not then redeemable, and which, under such circumstances, cannot fail to command an enormous premium, or the swollen revenues will be devoted to extravagant expenditure, which, as experience has taught, is ever the bane of an overflowing treasury. It was made apparent in the course of the animated discussions which the question aroused at the last session of Congress that the policy of diminishing the revenue by reducing taxation, commanded the general approval of the members of both Houses. I regret that, because of conflicting views as to the best methods by which that policy because of conflicting views as to the best methods by which that policy should be made operative, none of its benefits have as yet been reaped. In fulfillment of what I deem my constitutional duty, but with little hope that I can make a valuable contribution to this vexed question, I shall proceed to intimate briefly my own views in relation to it:

tion to it: Upon the showing of our financial contribution at the close of the last fis-cal year I felt justified in recommending to Congress the abolition of internal revenue taxes except those upon tobacco in its various forms and upon dis-tilled spirits and fermented liquors, and except, also, the special tax upon the manufactures and dealers in such artic-I vent are now to suggest that un-

les. I vent the new of accress that unless it statements are not bable expenditures of the Government for the coming year have been underestimated, all internal taxes save those which relate to distilled spirits, can be prudently abrogated. Such a course, if accompanied by a simplification of the machinery of collection, which would then be easy of accomplishment, might reasonably be expected to result in diminishing the cost of such collection by at least two millions and a half, and in the retirement from office of from fifteen hundred to two thousand persons. The system of excise duties has never commended itself to the favor of the American people, and has never of the American people, and has never been resorted to except for supplying deficiencies in the Treasury, when, by reason of special exigencies, the duties

on imports have proved inadequate for the needs of the Government.

The sentiment of the country doubt-less commands that the present excise tax shall be abolished as soon as such course can safely be pursued. It seems to me, however, for various reasons, so sweeping a measure as the total abolition of internal taxes would, for the present, be an unwise step. Two of these reasons are deserving of special mention.

these reasons are deserving of special mention.

1. It is by no means clear, that even if the existing system of duties on imports is continued without modification, those duties alone will yield sufficient revenue for all the needs of the Government. It is estimated that \$100,000,000 will be required for pensions during the coming year, and it may well be doubted whether the maximum annual demand for that object has yet been reached. Uncertainty upon this question would alone justify, in my judgment, the retention, for the present, of that portion of the system of internal revenue which is least objectionable to the people.

2. A total abolition of excise taxes would almost inevitable prove a serious if not an unsurmountable objection to a thorough revision of the tariff, and to any considerable reduction in import duties.

THE PRESENT TARIFF SYSTEM is, in many respects, unjust. It makes unsurmountable indications.

\$304,01,02.04; 1807, \$250,02,083 1912; 1881, \$309,712.718; 1802, \$250,02,083 1912; 1881, \$309,712.718; 1802, \$250,02,083 1912; 1881, \$309,712.718; 1802, \$250,02,083 1912; 1881, \$309,712.718; 1802, \$250,02,083 1912; 1881, \$309,712.718; 1802, \$250,02,083 1912; 1813, \$309,02,000; 1812; 1812; 1812; 1812; 1812; 1812; 1813; 1812; 1812; 1813; 1814

tary. In view of the recent decision of the Supreme Court, the necessity of amending the law by which the Dutch standard of color is adopted as the test of the saccharine strength of sugars, is too obvious to require comment.

From the report of the Secretary of War it appears that the only outbreaks of Indians during the past year occurred in Arizona and in the Southwestern part of New Mexico. They were promptly quelied, and the quiet which has prevailed in all other parts of the country has permitted such an addition to be made to the military force in the region endangered by the Apaches that there is little reason to apprehend trouble in the future.

SEACOAST DEFENSES.

Those parts of the Secretary's report which relate to our seacoast defenses and their armament suggest the gravest reflections. Our existing fortifications are notoriously inadequate to the defense of great harbors and cities for whose protection they lons. Our existing fortifications are notoriously inadequate to the defense of great harbors and cities for whose protection they in their nature. In the locality with which they are concerned, or in both, is one which is to be deprecated. Unless it is divisable, it inevitably tends to secure the success of the bill as a whole, though many of the items, if separately considered, could scarcely fail of rejection. By the adoption of the course I have recommended, every member of Congress, when opportunity should arise for giving his influence and vote for meritorious appropriations, which he would be enabled to do without being called upon to sanction others undeserving his approval. So, also, would the Executive be afforded thereby a full opportunity to exercise his constitutional prerogative of opposing whatever appropriations seemed to him objectionable, without imperiling the success of others which commend themselves to his judgment. It may be urged in opposition to these suggestions that the number of works of international improvements which are justly entitled to governmental aid is so great as to render impracticable separate appropriation bills therefor, or even for such a comparatively limited number as make disposition of large sums of money. This objection may be well were built. The question of providing an armament suited to our present necessities has been the subject of consideration by a board whose report was transmitted to Congress at the last session. Pending the consideration of that report the War Department has taken no steps for the manufacture or conversion of any heavy camnon, but the Secretary expresses the hope that authority and means to begin that important work will be soon provided.

THE MILITIA.

THE MILITIA.

I invite the attention of Congress to the propriety of making more adequate provisions for arming and equipping the militia than are afforded by the act of 1806, which is still upon the statute books. The matter has already been the subject of discussion in the Senate, and a bill which seeks to supply the deficiencies of existing laws is now upon its calendar.

The Secretary of War calls attention to the fact of an embarassment growing out of the recent act of Congress making the retirement of offlicers of the army compulsory at the age of 6t. The act of 1878 is still in force which limits to 400 the number of those who can be retired for disability or upon their own application. The two acts, when construed together, seem to forbid the relieving, even for absolute incapacity, of officers who do not fall within the purview of the latter statute, save at such times as there chance to be less than 400 on the retired list. There are now 420. It is not likely that Congress intended this result, and I concur with the Secretary, that the law ought to be amended.

THE RIVER AND HARBOR BILL.

THE RIVER AND HARBOR BILL.

The grounds that impelled me to withhold my signature from the bill entitled, "An act making appropriations for the construction, repair, and preservation of certain works on rivers and harbors," which became a law near the close of your last session prompts me to express the hope that no similar measure will be deemed necessary during the present session of Congress. Indeed, such a measure would now be open to serious objection, in addition to that which was lately urged upon your attention. I am informed by the Secretary of War that the greater portion of the sum appropriated for the various items specified in that act remains unexpended. Of the new works which it authorized, expenses have been incurred upon two only, for which the total appropriation was \$210,000, present available balance is disclosed by the following table: THE RIVER AND HARBOR BILL. the following table:

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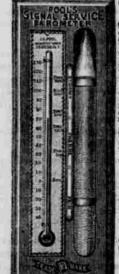
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